



**BANKING  
CIRCLE**



# OPPORTUNITIES FOR MERCHANTS IN ASIA: LANDSCAPE REVIEW

Analysis of the top payment processors and trading partners in Asian countries trading internationally



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## A FRAGMENTED MARKET

The Asian market can be a tough nut to crack. Although cross border trade is booming, with products and services from Asia driving this globally, there are still a number of challenges for payment providers and their merchants to overcome, operating within, and outside of the region.

There are certainly opportunities, too, with 12% annual growth in the Asia Pacific ecommerce market predicted, driven by the growing diversity of consumer payment options.

This choice may be driving growth, but even within Asia, the way people prefer to pay varies hugely - meaning there is no one size fits all approach when it comes to moving into this market. The choice of payment processors is huge too, making it difficult for merchants to ensure that they are offering their customers the right payment types for all of the regions in which they wish to grow.

Our research explores market share amongst payment processors in Asia, and how their preferred local payment methods differ to the preferred payment method of some of their key trading partners.



# CHINA

China leads the way in ewallet payments thanks to the explosive adoption of innovative payment solutions launched by ecommerce giants, like Alipay, and social media platforms such as WeChat.

Exports make up the bulk of international trade; 90% of cross border ecommerce can be attributed to Chinese merchants selling overseas.

With the USA and the UK being two large trading partners, Chinese merchants work with a number of global payment processors, with PayPal, Google Checkout, Stripe, and Braintree all being widely available.

Globally, PayPal dominates as a payment processor, but Alipay has taken the top spot in China. Merchants who are looking to expand into China can benefit from partnering with an acquirer that can offer Alipay, Tencent, and WeChat Pay to reduce friction with Chinese consumers.

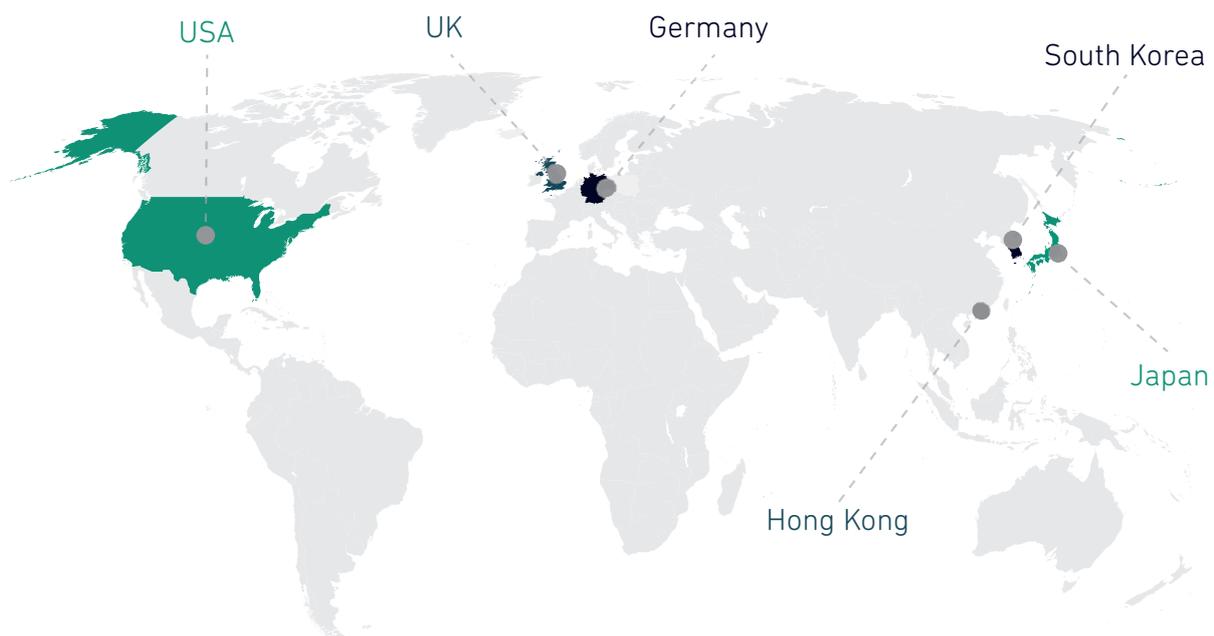
Chinese merchants may want to consider offering Square as a payment method to attract consumers in the USA, Canada, Japan, Australia, and the United Kingdom. Post payment services such as Klarna and BillPay are very popular in Germany, and growing throughout Europe, so Chinese merchants with a focus on Western Europe would benefit most from offering these payment types.

## Top payment processors in China\*

- Alipay
- PayPal
- Stripe
- CCBill
- eWAY
- GiroPay
- PaySafeCard
- Amazon Pay
- Braintree
- Google Checkout

*\*Tencent and WeChat market share data was not available*

## Top trading partners



## JAPAN

One of the main challenges within the Japanese market is the language barrier. 99% of the Japanese population fully comprehends websites with content in the Japanese language, making localisation an absolute necessity for merchants to be successful.

The USA and China are two of Japan's largest trading partners, with roughly equal import and export when it comes to cross border ecommerce.

When it comes to global payment acceptance, Japan lags behind some of its neighbours. A popular online marketplace, CDJapan, still accepts cash via mail as a payment method; even across borders. Tech giant payment arms such as Amazon Pay and Google Checkout have not yet gained significant market share in the region, which is instead dominated by localised solutions, such as GMO Payment Gateway and Robot Payment.

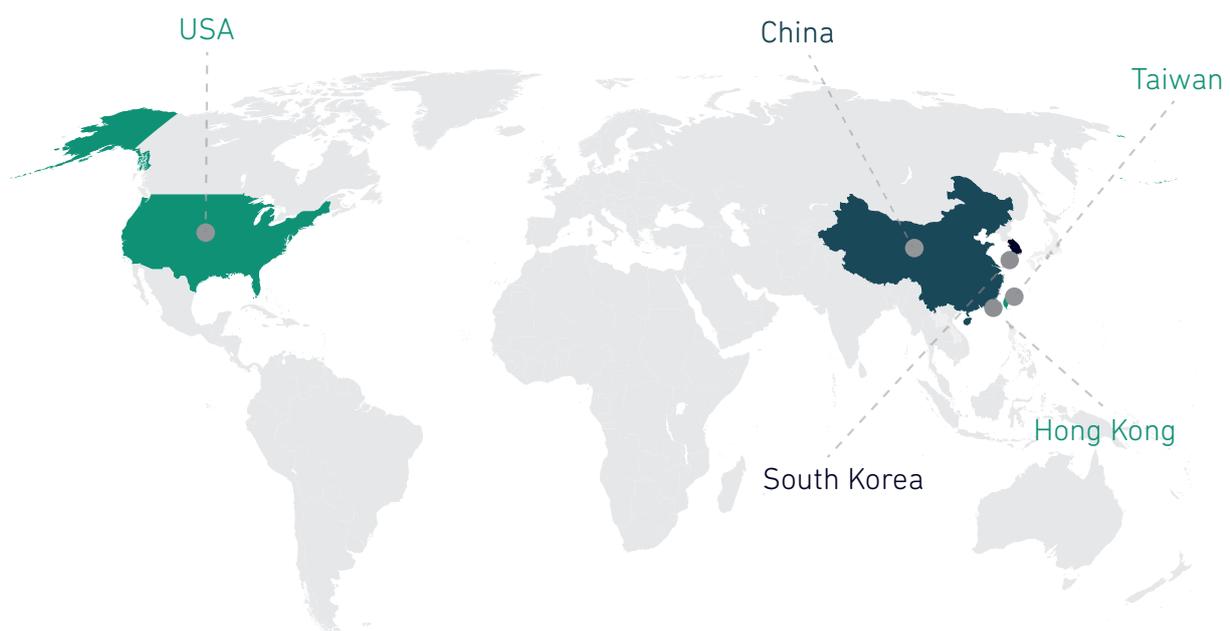
This has resulted in a lack of compatibility between payment methods with Japanese merchants and their biggest trading partners, but it does also provide lots of scope for expansion into new markets if Japanese companies are willing to consider providing more widely accepted payment methods.

### Top payment processors in Japan\*

- PayPal
- GMO Payment Gateway
- Epsilon
- econtext
- Robot Payment
- Stripe
- ZEUS
- CCBill
- remise
- Alipay

*\*Tencent and WeChat market share data was not available*

### Top trading partners





# INDIA

India has done well to embrace many global payment methods, and with a high percentage of the population able to speak English, it should be relatively easy for Indian merchants to trade goods across borders. When looking at its biggest trading partners outside of Asia, the USA and UK, payments across borders are likely to be relatively frictionless. While this is mostly true for exports, imports are not as prevalent among Indian consumers.

One of the biggest challenges in India is that ecommerce accounts for only a very small percentage of transactions, but as Smartphone ownership increases, analysts believe that this will result in a significant shift toward online payments.

Importing is seen as another issue for merchants looking to expand into India, as when purchasing across borders, many Indian consumers are put off by expensive customs duties, long delivery times, and the high cost of returns, leading to around 50% abandoning a purchase during the checkout process.

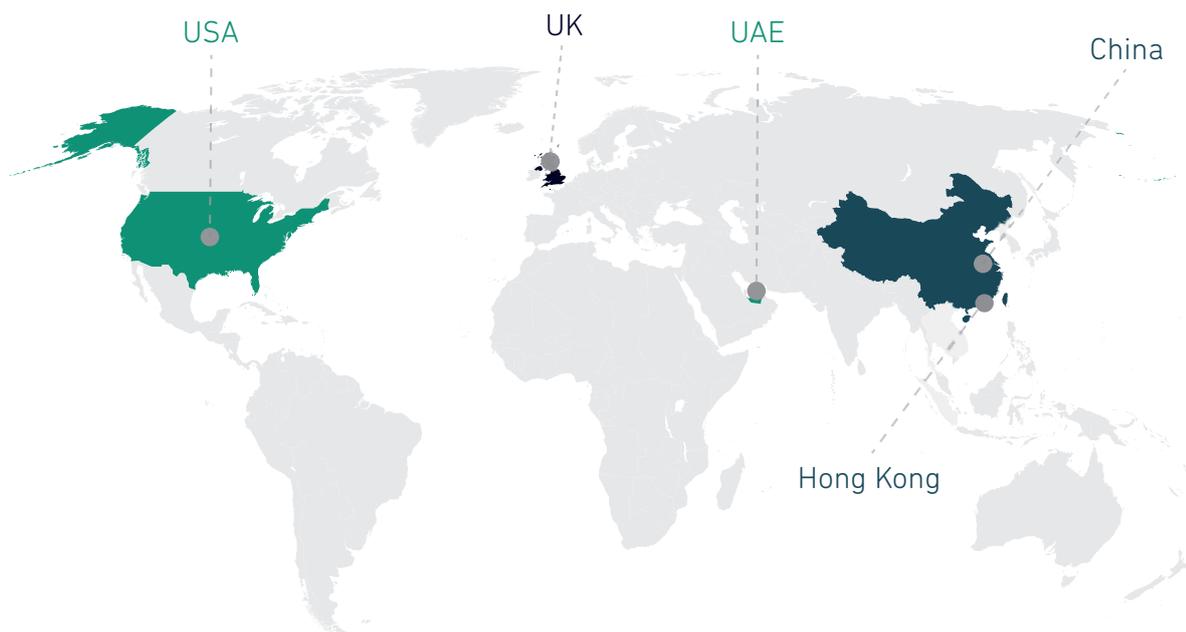
With China becoming a more popular destination for trading, Indian merchants should consider embracing Alipay as a payment method to increase cross border opportunities with Chinese consumers.

## Top payment processors in India\*

- PayPal
- Stripe
- Razorpay
- 2Checkout
- Google Checkout
- Authroize.net
- Braintree
- CCBill
- Amazon Pay
- PaySafeCard

*\*Tencent and WeChat market share data was not available*

## Top trading partners



## SOUTH KOREA

South Korea is well positioned geographically, and as a result, enjoys a high percentage of exports with 64% of trade conducted between Asian partners. Growth in ecommerce has been increasingly steady due to strong technological and mobile adoption, making South Korea one of the biggest ecommerce markets in the world, which was undoubtedly a major deciding factor for Amazon when they entered the space in 2017.

Because of the high percentage of Smartphone penetration, both Apple Pay and Samsung Pay are common ways for South Korean consumers to pay. To attract foreign consumers, especially in the West, South Korean merchants could benefit from offering Google Checkout and Amazon Pay, as these payment solutions are popular with some of their biggest trading partners.

The last few years have seen an influx in cross border purchasing. Plenty of opportunities exist as online purchases from foreign retailers increase due to South Koreans finding less expensive prices on overseas websites even after international shipping fees and import duties. According to The Paypers ecommerce facts and figures, "South Korea's retailers have agreements with manufacturers that allow them to charge a premium for foreign and domestic products. As a result, online consumers pay local product prices of up to nine times higher than overseas."

Trade with the USA and China remains strong, but there has also been an increase in trade with the EU, which could help European payment service providers and their merchants gain ground.

### Top payment processors in South Korea\*

- PayPal
- Stripe
- Alipay
- MOLPay
- Authorize.net
- Braintree
- RevenueWire
- PaySafeCard
- GiroPay
- Apple Pay

*\*Tencent and WeChat market share data was not available*

### Top trading partners





# INDONESIA

Fuelled by ecommerce players from China and South Korea, Indonesia is beginning to emerge as a market expected to see explosive growth.

Indonesia keeps things relatively local when it comes to global trade. With two-thirds of its exports being delivered to other Asian countries, it's no surprise that popular payment processors include iPay88 and MOLPay, which are solutions specifically for the Association of Southeast Asian Nations (ASEAN) region.

Despite this, Indonesia does also embrace more established processors with an international reach. Netherlands-based, Adyen, which has a small presence in the region, could find itself in a position to capture market share from PayPal, with eBay recently signing a deal with the processor. eBay, along with partner, Telkom Group, has made efforts to invest in the country, with a focus on expansion in cross border ecommerce, and Adyen is set to replace PayPal as the primary method of payment in the next few years.

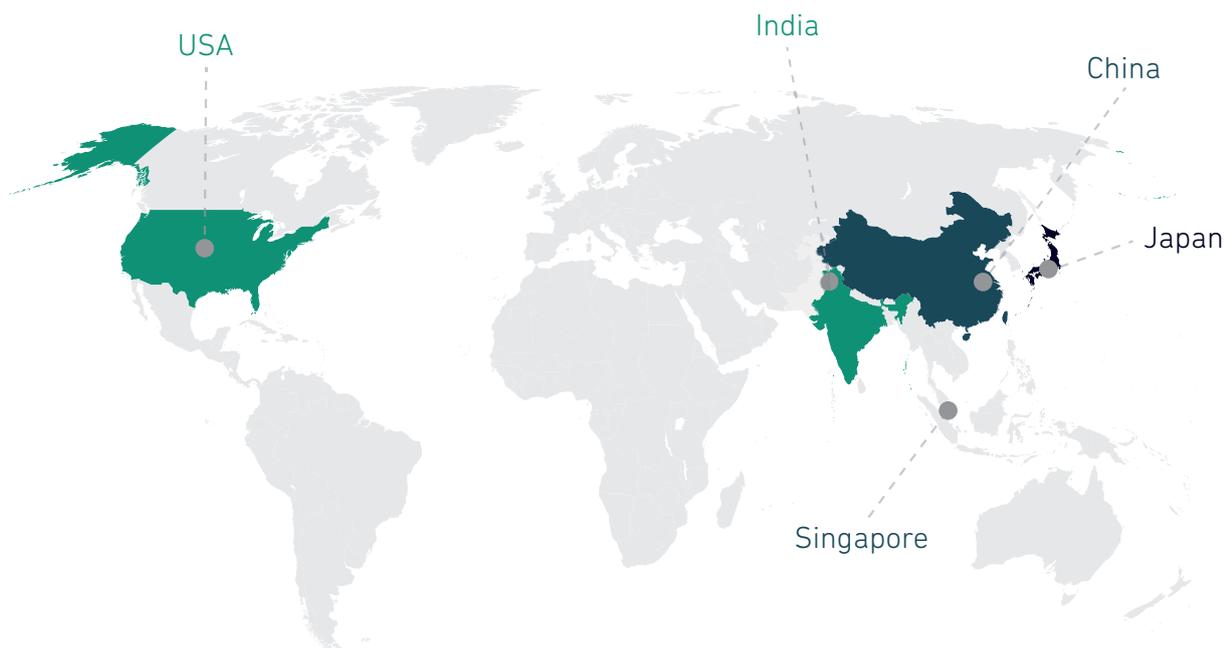
Alipay is not yet featured in the list of top payment processors, but all signs point to this changing as China is Indonesia's largest trading partner, with growth being driven by ecommerce players moving in.

## Top payment processors in Indonesia\*

- PayPal
- Stripe
- Google Checkout
- iPay88
- Authorize.net
- MOLPay
- Apple Pay
- Amazon Pay
- Adyen

*\*Tencent and WeChat market share data was not available*

## Top trading partners



## TAIWAN

Consumers in Taiwan have embraced cross border shopping, with research showing that 84% of Taiwanese shoppers would consider buying from overseas vendors.

Though China is a very dominant player, there is plenty of scope for new territories to import into the country. With the appetite for purchasing from foreign merchants, partnering with a PSP that is able to offer preferred payment methods would be crucial for any merchant looking to expand in Taiwan.

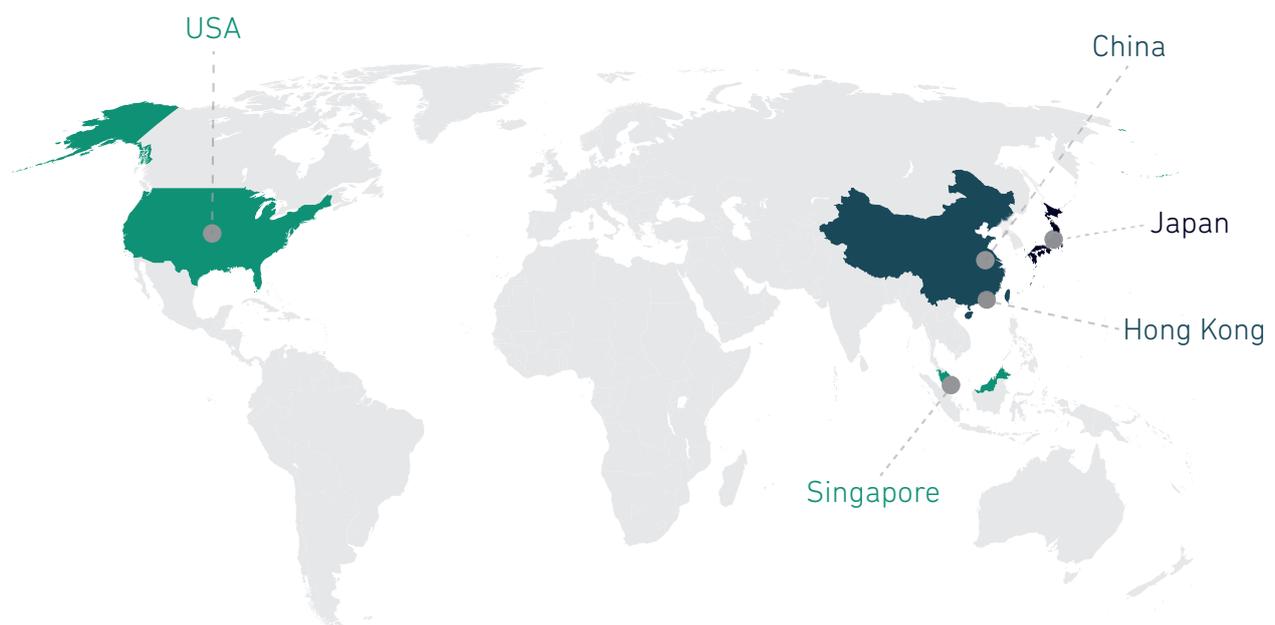
As per many other regions, there is a huge opportunity for Chinese payment providers to capture significant market share. With a 5-year average growth rate of 10-20%, and close to 85% of the population having access to the Internet, providing localisation and shipping costs do not become a barrier for consumers; there are plenty of opportunities for merchants who want to break into the region.

### Top payment processors in Taiwan\*

- PayPal
- Sage Pay
- Alipay
- Payza
- Stripe
- Google Checkout
- Braintree
- Visa Checkout
- Paddle
- MasterPass

*\*Tencent and WeChat market share data was not available*

### Top trading partners





# THAILAND

Thailand has strong trading connections with its Asian neighbours, but new trade agreements have begun to foster opportunities further afield.

30% of the Thai population speak English, and this, coupled with the TAFTA (Thailand-Australia Free Trade Agreement) may have helped to increase trading between the two countries. Despite this, the majority of buying and selling is done within Asian markets.

With nearly a third of the country able to purchase from global websites that use English as their first language, this could present an opportunity for English-speaking merchants to move in and capture more market share. Thanks to its close proximity with Southeast Asia, Australian merchants could be prime candidates providing they are able to offer preferred payment methods to Thai consumers. This should not be too difficult, as the region has a number of popular and well established global payment methods available.

## Top payment processors in Thailand\*

- PayPal
- Stripe
- Alipay
- Google Checkout
- Braintree
- Visa Checkout
- Paymill
- MasterPass
- PaySafeCard
- Payer

*\*Tencent and WeChat market share data was not available*

## Top trading partners



## HONG KONG

For centuries, Hong Kong has been perfectly positioned as a global trading hub. Despite its small size, it is the world's 7th largest trading entity in both exports and imports. However; much of its exports consist of re-exports, products which have been manufactured outside of the territory, especially in its largest trading partner, China, to then be distributed via Hong Kong.

Unsurprisingly, due to its close proximity to Hong Kong, mainland China is its largest trading partner, and Alipay is the second most popular payment processor. There is also a very high correlation between the UK and Hong Kong in terms of payment methods, which may not be too surprising given that Hong Kong was only granted independence from the UK in 1997. This makes Hong Kong very well integrated into the global payment ecosystem with its core trading partners.

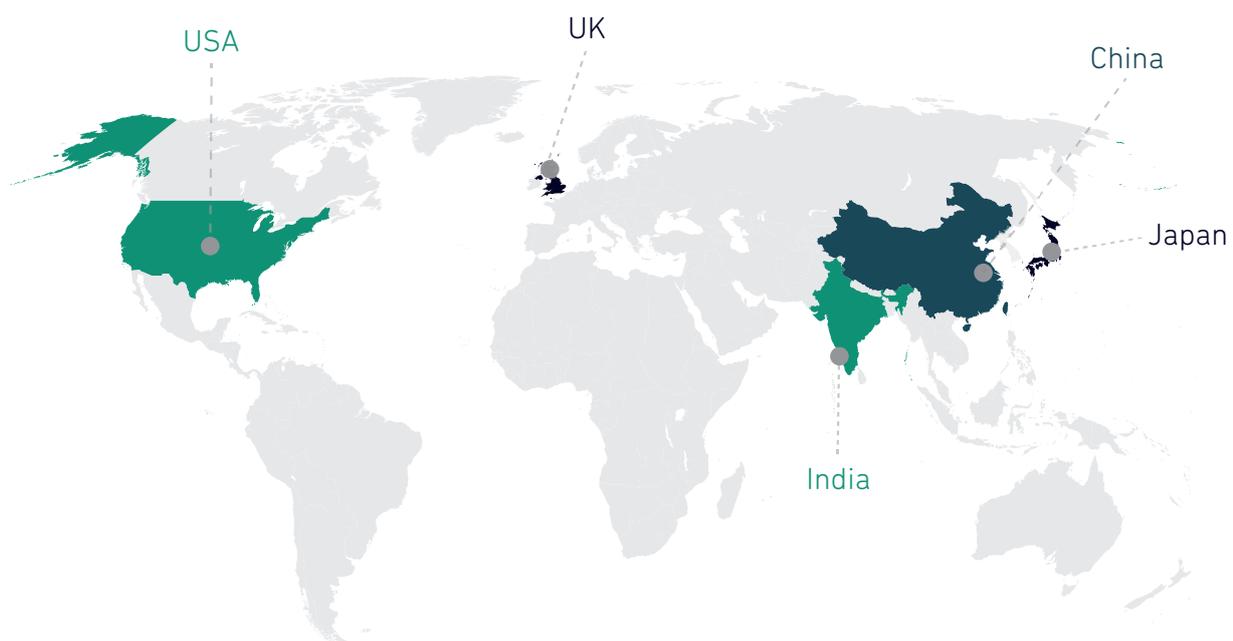
Although it holds a strong position as a trading entity, when looking at the consumer market, Hong Kong trails far behind China in online shopping. But with links to the USA, India, and the UK, which all have a high percentage of English speaking residents, merchants based in Hong Kong could carve out a niche targeting consumers from these countries, and capitalise on its transportation and logistics infrastructure that includes the world's second busiest container port and the world's busiest airport for international cargo.

### Top payment processors in Hong Kong\*

- PayPal
- Alipay
- Stripe
- Braintree
- Worldpay
- PaySafeCard
- GiroPay
- Apple Pay
- Sage Pay
- Amazon Pay

*\*Tencent and WeChat market share data was not available*

### Top trading partners





## PHILIPPINES

The Philippines is lagging behind some other Asian countries in terms of ecommerce, especially when it comes to cross border trading. There are a number of issues preventing growth in the region, including poor internet speeds, and a lack of appetite for online payments.

Filipinos who have emigrated to the USA have boosted cross border transactions and ecommerce as money is transferred and gifts are being sent home. While there is potential in the region, significant growth is not anticipated, particularly as the average annual spend on ecommerce per person was \$33 in 2016.

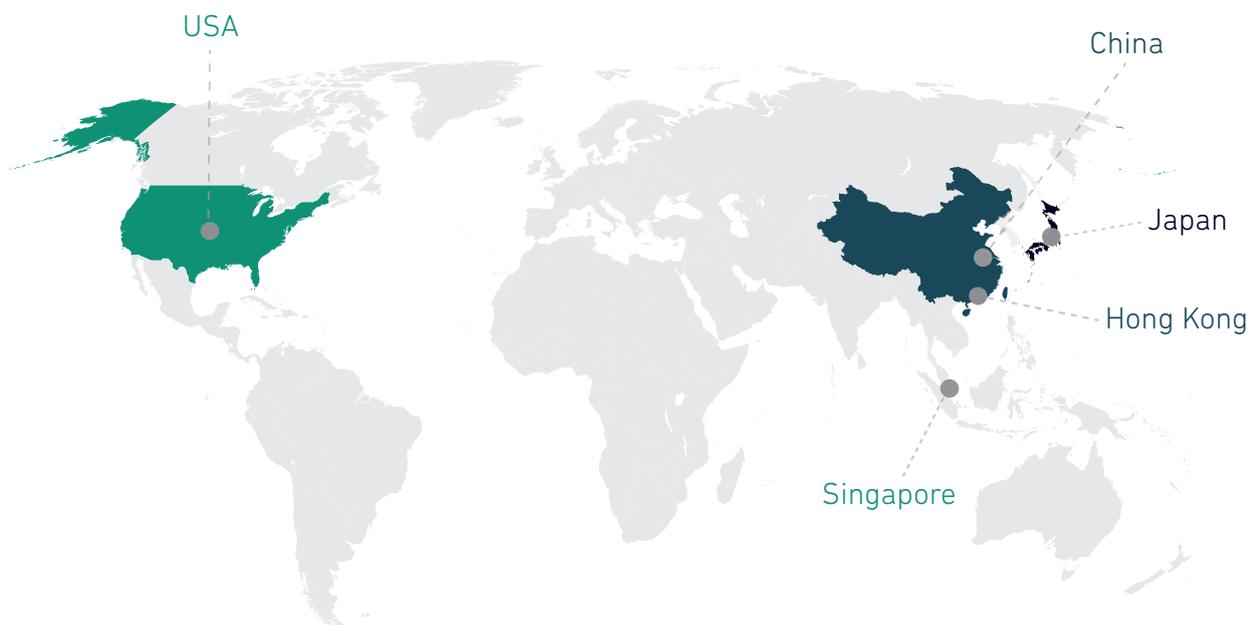
For the time being at least, opportunities for PSPs in the region may be limited. However, for merchants based in or servicing countries with a high Filipino population, this could present a chance to increase imports to the Philippines. There are not many payment processors available, and so it would be wise to look at whether the processor is available in both territories as well as exploring logistics before expanding.

### Top payment processors in Philippines\*

- PayPal
- Braintree
- Stripe
- Visa Checkout
- PaySafeCard
- Paymill
- iPay88
- CCBill

*\*Tencent and WeChat market share data was not available*

### Top trading partners



## MALAYSIA

A well-connected payment ecosystem with key trading partners, coupled with a well-developed banking infrastructure has resulted in Malaysia leading the way in cross border ecommerce transactions throughout Asia.

A recent report revealed that an estimated 40% of all Malaysian ecommerce is cross border, an extremely high percentage when compared to Japan (18%) and South Korea (25%).

Alibaba has recently made a big investment in Malaysia, which could result in Alipay becoming a more prominent payment method amongst consumers.

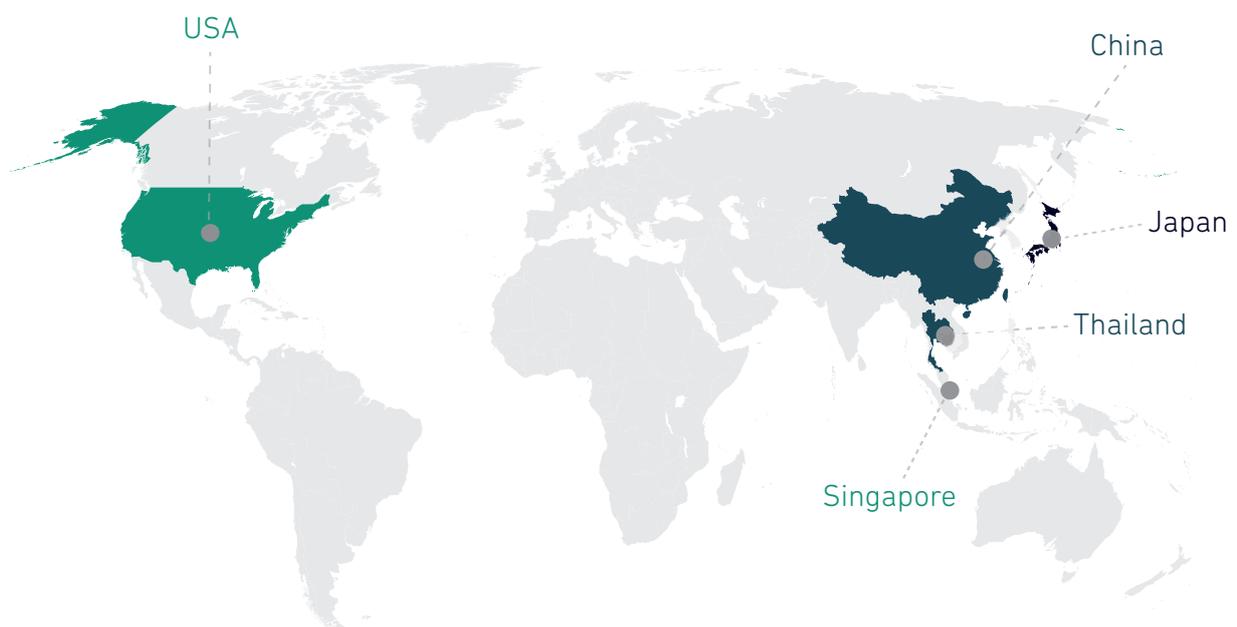
Singapore, Malaysia's top trading partner, is home to a large immigrant population from all over Asia, and ASEAN payment processors take precedence as a result. To capture market share from the English speaking population in Singapore, as well as in other important trading partners such as the USA and Australia, merchants may want to consider partnering with a PSP who can offer payment methods that are known more globally.

### Top payment processors in Malaysia\*

- PayPal
- Stripe
- MOLPay
- Braintree
- iPay88
- Google Checkout
- Visa Checkout
- Alipay
- 2Checkout
- Payer

*\*Tencent and WeChat market share data was not available*

### Top trading partners





# SINGAPORE

Singapore's population includes almost 40% permanent foreign residents (workers or students), while 23% of Singaporean citizens were born abroad. These factors contributed to Singapore having one of the highest estimated shares of cross border B2C ecommerce with 55% of ecommerce transactions being conducted cross border.

English is also one of the main languages spoken in Singapore, which makes it easier for trading with other predominantly English-speaking countries. This provides merchants with a quick-win opportunity for expansion, as there is no language barrier, and Singapore is well connected.

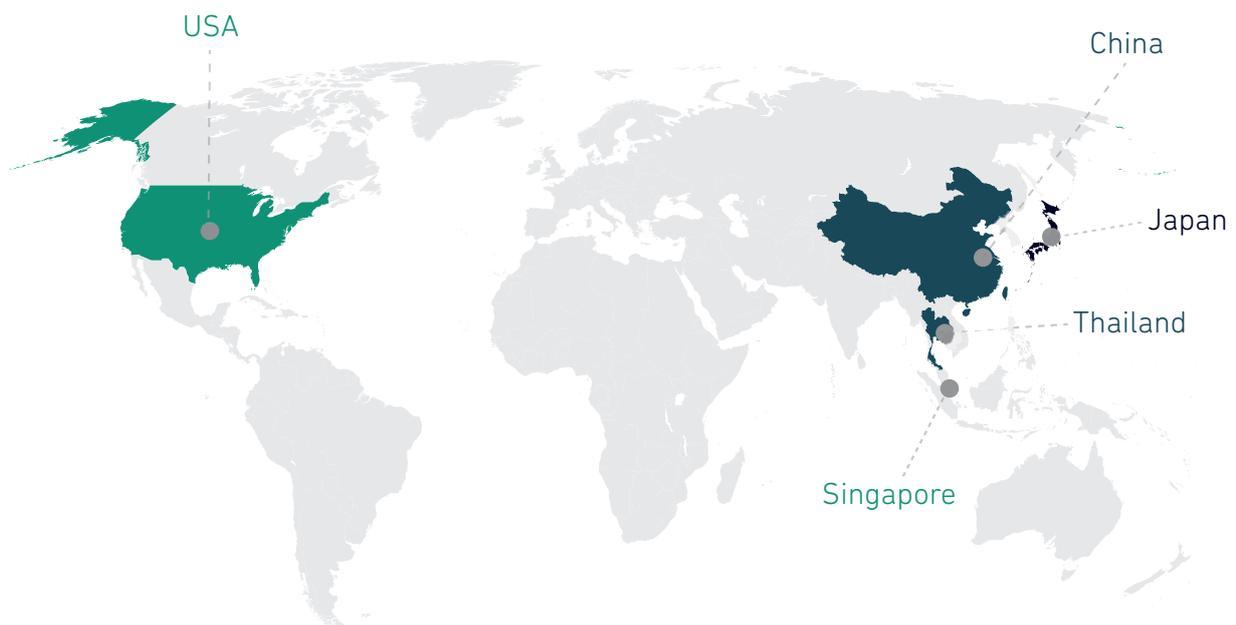
The high percentage of cross border ecommerce transactions is apparent when looking at the correlation between payment processors with the countries that Singapore trades with the most, though there is scope for ASEAN processors to establish themselves thanks to strong ties to Malaysia.

## Top payment processors in Philippines\*

- PayPal
- Stripe
- Braintree
- Worldpay
- Google Checkout
- 2Checkout
- Amazon Pay
- Alipay
- Apple Pay
- Payer

*\*Tencent and WeChat market share data was not available*

## Top trading partners



## BRINGING THE FRAGMENTS TOGETHER

Expanding into new territories is always going to come with challenges, but choosing the right Payment Service Providers (PSPs), who understands the market and its customers, is an important first step.

Saxo Payments Banking Circle is a financial utility which helps global payment service

providers and banks keep costs down by handling cross border payments and FX while supporting their merchants with value added services such as virtual IBAN accounts, allowing for reconciliation to be streamlined.

There are huge opportunities in the region. Banking Circle offers its clients back-office

global banking services, allowing PSPs and their merchants - based in Asia and wanting to grow business in Europe and the USA, and vice versa - to do so without the headache of setting up operations and partnerships in each new territory before they are able to begin trading.

To find out how Saxo Payments Banking Circle can help reach new markets, visit [www.bankingcircle.com](http://www.bankingcircle.com)

### Sources

Global payment processor data from Datanyze: <https://www.datanyze.com/market-share/payment-processing/>

Country trading data from International Monetary Fund: <http://www.imf.org> with supporting information from The Paypers cross border ecommerce research: <https://www.thepappers.com> and International Trade Centre: <http://www.intracen.org>



# ABOUT SAXO PAYMENTS BANKING CIRCLE

Saxo Payments Banking Circle is a global scale financial utility that gives financial institutions the ability to enhance their customer proposition.

By leading the rise of a super-correspondent banking network, Banking Circle is helping FinTechs and banks to provide their customers with faster and cheaper cross border banking solutions, without the need to build their own infrastructure and correspondent banking partner network.

As such, Banking Circle is empowering these organisations to support their customers' international trading ambitions, without the need for multiple banking relationships whilst reducing risk and the operational cost of transactions. And that is enabling them to remain competitive.

## BANKING CIRCLE MARKETPLACES - A UNIQUE SOLUTION FOR FINANCIAL TECH BUSINESSES WHO SUPPORT ONLINE MARKETPLACES

Banking Circle Marketplaces enables Financial Tech businesses to accept payments from marketplace buyers into a virtual IBAN account in the name of the marketplace seller, and settle the funds back to the seller's house account in the currency of their choice. This ensures the flow of funds bypasses the marketplace, meaning it remains exempt from PSD2 requirements.

Some marketplaces require their sellers to have local currency accounts in the country from which they are receiving funds. Addressing this issue, Banking Circle Marketplaces provides sellers with local IBANs in the country to which they wish to sell – typically in GBP, EUR and USD – that are in the seller's name.

**For more information visit [www.bankingcircle.com](http://www.bankingcircle.com)  
or email [info@bankingcircle.com](mailto:info@bankingcircle.com)**